

**STATE OF MICHIGAN
CHIEF FINANCIAL OFFICERS' COUNCIL
Summary of April 20, 2006 Meeting**

The second meeting of the Chief Financial Officers' (CFO) Council for calendar year 2006 was held at 10:00 a.m., Thursday, April 20, 2006, in the Michigan Room, Romney Building.

CFO Council members in attendance:

James Selleck – Attorney General
James Kasprzak – Environmental Quality
Janet Laverty – History, Arts & Libraries
John Sorbet – Human Services
Karen Tarrant, Information Technology
Allan Pohl – Labor and Economic Growth

Michael Gilliland – Management & Budget
Minesh Mody – MI Economic Dev. Corp.
Joseph Pavona – State
Jerri McClure – State Police
E. Ronald Stadnika – Supreme Court
Ed Timpf – Transportation

Other attendees:

Lou Martin – Agriculture
Raj Mehta – Civil Rights
Jim Brandell – Community Health
Mike Draschil – Corrections
Craig Thurman – Education
Richard Child – House Fiscal Agency
Leo LaPorte – Information Technology
David Quigley – DMB, Financial Services

Al Christian – Military & Veterans Affairs
Joe Frick – Natural Resources
Ruth Mealy – OFM
Laura Mester – OFM
Michael Moody – OFM
Doug Ringler – OFM
Gena Hyde – State
Palmer Giron – Treasury

Mike Moody, Director of the Office of Financial Management (OFM) and Chair of the Council, welcomed the group. Mike introduced Mike Gilliland who replaced Howard Pizzo. There were no changes or additions to the agenda. The draft summary of the January 26, 2006 meeting was approved as written.

Mike congratulated Lottery for receiving the GFOA Certificate of Achievement for their CAFR.

BRIEFINGS AND REPORTS TO CFOs

OFM Accounting and Financial Reporting Division Update

Laura Mester, AFR Director, reported OFM plans to follow the same process for year-end close. No dates will change in the schedule. November 21 will be the last day for processing. We will not be accelerating split pay again this year. A draft of the closing schedule will be sent to Treasury, Acquisition Services and DMB.

We are in Phase I of the RMDS project, which has been surveying all agencies of reports necessary for year-end closing. This should be completed by May 1. Phase II will be reports that relate to appropriations and agency budgets. We hope to reduce at least 50% of the RMDS reports we currently run.

FACS agency numbers for non-active agencies will be eliminated.

The liaisons have been contacting Chief Accountants regarding the clean up of agency reconciling fund balances and restricted revenue carry forward. The conversion from GA FMIS is still an issue.

AFR is working with the Office of the State Budget and Treasury on revenue tables and how to make this process easier. Staff is also working with DMB Retirement on the OPEB implementation.

We are evaluating whether non-technical practices can be used to effectively monitor compliance with Public Act 533. In addition, we are evaluating whether we should allow multiple EFT accounts by vendor. OFM is working with Treasury to address the social security number privacy act including the truncation of certain information on warrants. We have asked for a proof of concept for web-enabling MAIN FACS functionality.

As a side note, Civil Service is working on the succession planning for annual leave and sick leave payouts and what may happen in five years. This may impact agency budgets if payoffs are not included in the annual appropriations.

OFM Payroll and Tax Reporting Division Update

Ruth Mealy, PTR Director, reported the 1% pay increase ran in HRMN Production.

Beginning last January, staff ran the social security number/name mismatches and will continue to run this report quarterly. PTR is working with agency Human Resources offices on this project.

We are working on a quick fix in DCDS replacing the data in the social security field with the employee ID number. This will change on all on-line screens and reports. Time clock agencies will be handled individually. DCDS will still house the social security number field for the purpose of loading data to MIDB, but it will be secured. Barring any further testing, this should be ready by May 10.

We are also considering a change for pre-split pay processing. DCDS makes assumptions on where the employee exists in the following pay period due to the

insurances being taken the pay period before split pay. In pay period 20, 100% of the insurances would go to the old year. The pay period after would have the split.

The Time and Expense project was discussed. It is being proposed that travel reimbursement no longer be done in MAIN FACS. Employees would enter their travel in DCDS and the payment would be added to their payroll payment. It would mean a new release of DCDS. This may cause a slight delay for some employees but for most will expedite the process. A couple of advantages to this process are it would address the social security number privacy and the electronic funds transfer issues. DCDS staff developed time estimates on all business requirements and they will be discussed with the agencies if the project is approved. It was suggested that the audit responsibility be done on the front end. Feedback from the CFOs was positive.

OFM Support Services Division Update

Doug Ringler, SSD Director, reported another quarterly update to the vendor portion of Public Act 533 is forthcoming. It was requested that agencies carbon copy SSD on any communications sent to its payees.

A query will be developed to address the non-classified employee reimbursements.

New Business Objects courses were introduced relative to Finance.

Responses on the new SWCAP contracts are due by April 28. We requested an increase in the contract with Maximus from the Ad Board this year, which is in the process of being rebid.

The results of our internal control reviews should be on our web site by this summer.

Information Technology Asset Management (ITAM)

Karen Tarrant from the Department of Information Technology distributed copies of the IT Asset Management Project and an individual agency asset center inventory both of which can be found on their web site at <http://204.24.170.18/assets/webACWSSearch.aspx>.

She explained that there are three main components of the project: hardware, software and purchasing capability. The Client Service Director from each agency met with DIT to put together this project plan. The asset will be associated to the employee and agency and is considered active until it is disposed of. There will be ongoing validation of the data to ensure the inventory is accurate and the system is

working as it should. Questions regarding this project can be directed to Leo LaPorte at (517) 241-2000 or Jerry Branch at (517) 636-6517.

Social Security Numbers on Travel Vouchers

Mike Gilliland of DMB asked for suggestions for an interim solution to using social security numbers on travel vouchers while waiting for the Time and Expense project to be finalized. One suggestion is to leave the SSN field blank on the paper form of the travel voucher. The person who enters the information into ADPICS would obtain it from HRMN. Another suggestion is to put the voucher in an ID envelope and hand-deliver it to your Finance Office. Once in the Finance Office, it is kept confidential. Proper measures should be taken in using, routing and storing of documents that have an employee's social security number on it.

CFO Member Roundtable Discussion

The question was asked what kinds of appropriations are needed for agencies that will distribute funds from the Strategic Fund. The answer is we are hoping the restricted revenue you get will create the fund for that expenditure.

The meeting adjourned at 11:45 a.m.

Next meeting: Thursday, July 13, 2006 – 10:00 a.m.

The Michigan Room, 1st Floor, Romney Building

Summary prepared by:

Adel Beachnau, Council Secretary